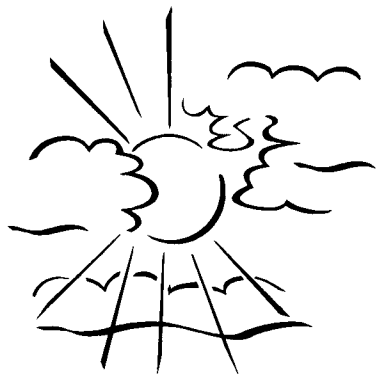


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Articles in Today's Clips

Friday, July 15, 2005

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July 14, 2005

SIKKEMA/EMERSON: SECURITIZATION FOR ECONOMIC PLAN ONLY

If the state does decide to securitize a portion of its tobacco settlement monies, the funds should be for economic development purposes only, the two Senate leaders said Thursday. Even then, Senate Minority Leader Bob Emerson (D-Flint) said he needed more convincing of the value of securitization, while Senate Majority Leader Ken Sikkema (R-Wyoming) said he was comfortable with securitizing up to \$1 billion of the settlement money.

Speaking at a reporters' roundtable, Mr. Sikkema – who previously had said he was studying the securitization idea – said he was comfortable with using \$1 billion of the settlement money to pay for a jobs program instead of issuing general obligation bonds.

But he absolutely opposed using any securitization monies to help stabilize Medicaid funding or to provide a new funding source for the Michigan Merit Scholarship. “Ken Sikkema will not support that,” he said, since securitizing for those purposes would be using the revenues for ongoing functions.

On Wednesday, the House Commerce Committee reported legislation to securitize up to \$3 billion of the state's tobacco settlement money for an economic development project and other purposes. The House delayed an expected vote on those bills and Single Business Tax bills as negotiations with Governor Jennifer Granholm and others continue on the issues.

Using securitized funds instead of a bond issue to finance the economic development proposal that Ms. Granholm called for last winter, a program to help move the state into high tech industries, has some advantages over a general obligation bond, Mr. Sikkema said. It can take place quickly without the requirement of an election that must precede a general obligation bond, he said, and it would save the state the cost of an election.

But a securitized issue also would prove more expensive than a general bond because it is based on the value of the asset and carries a higher interest rate than a general obligation bond, he said.

Mr. Emerson said he had told Ms. Granholm that if securitization moves forward, the jobs proposal is the only use he would find acceptable. “I don't like securitization. I think securitization is a stupid idea,” he said, because “because you're taking a pretty steep discount on your money.”

Mr. Emerson said he would not support using securitization for Medicaid, the Merit scholarship, or “any other cockamamie proposal. That’s just taking money from the future.”

Before he would back the proposal, Mr. Emerson said, both Treasurer Jay Rising and Budget Director Mary Lannoye would have to convince his caucus, because when he first raised it with the caucus the members were opposed.

House tobacco plan gets Sikkema approval

By DAVID EGGERT

Associated Press

The leader of the state Senate said Thursday he is comfortable with a House plan to sell part of Michigan's tobacco settlement but only if the money is used to boost and diversify the economy.

Senate Majority Leader Ken Sikkema, R-Wyoming, said selling the settlement for a lump sum payment of \$1 billion to invest in high-tech industries is a good idea because the state could get the money right away and avoid a costly election.

Democratic Gov. Jennifer Granholm and Senate Republicans had proposed bonding for the money, but those plans would have required that they be approved by voters.

Sikkema opposes House Republicans' plan to sell another \$2 billion in tobacco money for Merit Award college scholarships and the Medicaid Trust Fund. Granholm also has reservations about that part of the plan. Detractors worry the House plan could add to the state budget's structural deficit.

The Senate leader said the state shouldn't borrow the money for regular, ongoing programs such as Medicaid and the Merit Award, likening it to deficit spending. Borrowing against future tobacco settlement payments should be done only for a one-time need, such as diversifying the state's lagging economy, he said.

Sikkema's comments to reporters make it more likely some of Michigan's future tobacco settlement payments will be sold for economic investment. Such a plan would replace proposals by Granholm and the Senate to get voters' approval to sell bonds for such an investment.

Securitization: Big word and big risks

Thursday, July 14, 2005

Let's simplify a complex issue -- securitization of Michigan's remaining entitlement from the tobacco settlement.

What is securitization? It's the equivalent, in state government circles, of a get-rich-fast scheme. It's like cashing in your fat pension fund, intended to protect you long term, to buy a shiny new SUV. It's just what most parents try to teach their kids not to go for -- instant gratification. And that's the gist of securitization.

Now, what's the context for this issue? Each year, Michigan receives about \$285 million from the tobacco settlement. Since the revenue stream is certain, there are investors anxious to do a big favor for a state like Michigan. The state would sell rights to its annual payments to such investors, who would then sell bonds, the proceeds of which would be given to the state in a lump-sum payment. The state gets its big money now; investors get a certain stream of money, which they can use for investments and reap handsome returns.

If Michigan were to sell, or securitize, its entire share of annual payments, the proceeds would amount to about \$4 billion. Last week a bill was introduced in the House to sell three-quarters of the settlement money to get \$3 billion. House Republicans, who are pushing the measure, would use \$1 billion of the money to lure cutting-edge businesses to Michigan, set aside \$1.5 billion to create an endowment for the Merit Award program, and put \$500 million into the Medicaid trust fund. Gov. Jennifer Granholm has said she supports securitization for the investment in the economy, and that she would not oppose using the money for the Merit Awards.

Still, while securitization is attractive for obvious reasons, it is not uniformly popular. Sixteen states have securitized for various reasons. All of the states, however, acted prior to 2003, when this bubble nearly burst. An Illinois lawsuit award against a major tobacco company nearly caused the company to default on its tobacco-settlement payments. The award was later reduced, but investors realized there was more risk to the scheme than they thought. To appease nervous investors, New York state had to pledge its general fund to back up the tobacco payments. The very notion of pledging Michigan's general fund as collateral for Wall Street investors makes us wonder what House Republicans are thinking.

There is also sharp opposition from health organizations. Michigan ranks dead last among the states in use of settlement proceeds for health purposes. Health groups see securitization as a risky strategy for use of funds that have been misspent from the start.

Since there seems to be a consensus among Republican leaders and the governor that securitization could be a good thing for Michigan, we'll go this far in lending our qualified support:

Protect the general fund. Don't pledge it to guarantee the stream of tobacco money over the years.

Don't use any proceeds from the securitization to bail out the state budget or even to support or sustain ongoing state programs such as Medicaid or the Merit Award program.

The only use of the proceeds we could support is to invest in the state's economy -- along the lines of the governor's \$2 billion bonding proposal to attract cutting-edge, high-tech businesses to Michigan. This kind of investment would truly be worth the risk.

The Jackson Citizen Patriot

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The Detroit News

Friday, July 15, 2005

Letter

Medicaid cuts would hurt older adults, disabled

The June 29 op-ed, "GOP House budget hurts the poor," by state Rep. Chris Kolb and Marianne Udow does an honorable job presenting the damaging impact the House's proposed budget cuts to Medicaid will have on low-income children and families. However, there is still another population of vulnerable citizens -- older adults and persons with disabilities -- who will suffer a devastating blow as a result of cuts to vital Medicaid programs, particularly to the MI Choice program.

The MI Choice Medicaid Waiver program allows Medicaid-eligible seniors and disabled adults to choose a home setting for their care at less than one third the cost of institutional care. The MI Choice program costs the state about \$39 per day to help nursing home eligible individuals remain in their homes -- compared with \$116 per day for a Medicaid bed in a private nursing home. The program suffered significant cuts in 2001. Further cuts to the program will force more individuals into expensive Medicaid nursing home beds.

The Kaiser Family Foundation recently conducted a nationwide poll that shows 52 percent of those polled "strongly oppose" and another 22 percent "somewhat" oppose cutting back on their state's Medicaid program to balance the budget. Just 2 out of 10 either "strongly" or "somewhat" support Medicaid cuts to help balance state budgets.

Balancing the budget on the backs of the most frail and vulnerable by cutting a cost effective program, MI Choice, is short sighted. The economy is not improving significantly, our population is aging and health needs will not just "disappear." The House and Senate Republican majority should be protecting vital Medicaid services for Michigan's children, parents, older adults and persons with disabilities rather than defending tax loopholes for large corporations.

*Sandra K. Reminga
Executive Director
Area Agency on Aging 1-B
Southfield*

Granholt To Focus On Medicaid In Iowa

Gov. Jennifer **GRANHOLM** is expected to highlight the need for Medicaid reform and quick passage of a new federal transportation funding bill at the 97th annual National Governors Association (NGA) meeting in Iowa this weekend.

Granholt leaves late Friday for the three-day conference, during which she will introduce Tom **FRIEDMAN**, author of the Governor's new must-read *The World Is Flat*, a book on globalization.

As chair of the NGA Health and Human Services Committee, the Michigan governor also is leading a Sunday morning discussion with several experts in the health care field on the "Unique American Solution for Health Care Reform." Those expected to be at the session include Henry **SIMMONS**, president of the National Coalition on Health Care; Rick **CURTIS**, president of the Institute for Health Policy Solutions; and Rick **TUCKSON**, senior vice president of Consumer Health and Medical Care Advancement at the United Health Group.

"Reducing the number of people uninsured while improving access to quality health insurance in America is a priority for everyone," said Granholt. "Governors have developed a Medicaid reform solution this year, which is one critical piece of the puzzle, but it is time to look at the overall health care picture."

According to the Institute of Medicine, uninsured Americans get about half the medical care of people with insurance, which tends to leave them sicker and likely to die younger. The nation loses \$65 billion to \$130 billion a year due to poor health and premature deaths of uninsured Americans.

Outside of the health care issue, the Governor will be banging on the fact that every day Congress and the President fail to reach an agreement on a new federal transportation formula, Michigan loses jobs and projects.

In other news, the Governor's office announced today that Michigan is one of 10 states to win grant funding from the NGA to support major reform of the state's high schools. The two-year grant will be used to begin putting new academic standards in place in all Michigan high schools for language arts, math, science and social studies.

The hope is that these standards will increase the number of students taking college-level courses during their high school years.

Michigan had applied for \$1.8 million, but the dollar amount the state will receive won't be released until after the official contract is signed. The NGA grants, funded by the Bill and Melinda **GATES** Foundation, were awarded to states that have comprehensive plans for improved high school performance.

Dentist Charged With Defrauding Children's Medicaid Program

Today, Attorney General Mike **COX** announced that he charged an Eaton County dentist with 23 felonies for filing false claims to Michigan's Medicaid-funded Healthy Kids Dental Program.

“At a time when many state-funded programs, including Healthy Kids, have had to cut services to low-income residents because of decreasing state revenue, it is outrageous that a professional would defraud that program for his own benefit,” said Cox.

Thomas James **CUDA**, 56, of Lansing was taken into custody by Attorney General investigators today. Judge Harvey J. **HOFFMAN** arraigned Cuda in Charlotte's 56-A District Court on 23 counts of Medicaid False Claims, a four-year felony which also carries a maximum \$50,000 fine.

Cuda was released on a \$10,000 personal recognizance bond and will be back in court at 1:30 p.m. on September 12 for a pre-exam conference. The charges stem from an investigation by Cox's Health Care Fraud Division into Cuda's dental practice, located at 1467 S. Main Street in Eaton Rapids, that revealed Cuda was billing for services he did not provide.

AG officials say Cuda sent claims to the Healthy Kids Dental Program for restoration work that was not provided, or was provided to a lesser degree than billed, on patients seen between Oct. 10, 2001 and March 26, 2003.

Healthy Kids Dental, a public-private partnership between the State of Michigan and Delta Dental Plan of Michigan, is a dental benefits program for Medicaid beneficiaries under the age of 21. It is available in 37 counties and covers basic dental health benefits such as X-rays, cleanings, cavity fillings, root canals, tooth extractions and dentures. Approximately 130,000 Michigan children are served by this program.

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| IN BRIEF

Dentist charged in Medicaid fraud

An Eaton Rapids dentist was arraigned Thursday on 23 felony counts of filing false claims with a Medicaid-funded children's dental program.

Thomas James Cuda, 56, of Lansing sent claims to Michigan's Healthy Kids Dental Program between Oct. 10, 2001, and March 26, 2003, for services he never provided or provided to a lesser degree than billed, state Attorney General Mike Cox said in a written release.

Reached at his office Thursday night, Cuda, who is free on a \$10,000 bond, referred calls to his attorney, who did not return a call. Each charge is punishable by up to four years in prison and a \$50,000 fine.

Friday, July 15, 2005

Don't risk tragedy by leaving a child all alone in a car

By Betty DeRamus / The Detroit News

If you had a check for a million dollars, you wouldn't leave it in the back seat of your car while you dashed into a shopping mall for milk.

You'd keep that money locked in a bank or basement vault, watched by electronic eyes, shielded by insurance, protected from swings in temperature, invisible to intruders and outside the reach of kidnappers.

But year after year, people leave priceless children in cars alone.

They do it because they don't have baby-sitters and don't want to ask friends and neighbors for help.

And they do it because they don't realize that a 2- or 3-year-old alone in a running car can sometimes put that car in gear and cause an accident.

They do it because they don't know that when the outside temperature hits 93 degrees the temperature inside a car can climb to 125 degrees in 20 minutes and 140 degrees in 40.

And they do it, in some cases, because they think carjackings and child abductions don't happen in slumbering suburbs and green getaways.

So the horror stories keep happening. One almost happened last Saturday in Ferndale.

Police are investigating a 31-year-old woman for possible child neglect: While she shopped Saturday, she left her 5-month-old son in a hot car.

About 6:45 p.m., a passer-by spotted the child in a car in a shopping center's parking lot near Nine Mile and Woodward.

The mother had rolled the car's back windows down about 5 inches, making it possible for someone to abduct her child, according to police.

This story didn't grab any big brassy headlines. This baby didn't suffocate. This baby wasn't snatched. This baby didn't die.

This mother, like so many other parents, gambled that no one would steal her million-dollar bundle, and she won.

However, according to published reports, the case has been referred to the Oakland County Child Protective Services. So there is at least a chance this mother might face charges.

Now and then a case comes along that does make us consider the possible consequences of leaving children in cars alone.

In 2002, the whole country gasped at the news that Detroit Tarajee Maynor had left her 10-month-old girl and 3-year-old boy in a locked car in Southfield while she spent 3 1/2 hours in a beauty salon.

Maynor's children died. So did other children that same year, including a 9-month-old who perished in his mother's SUV in 90-degree heat; his mother forgot her child was in her car. Many other youngsters barely escaped death in hot cars.

So why not ask your cleaners to bring your clothes out to your car so you can stay with your children? Why not go to a drive-through restaurant or get a neighbor to watch your kids while you pick up your medication or buy stamps?

If the war on terror has taught us anything, it's that we live in a world where almost anything can happen at any time. That includes losing a child so precious a million dollars would be just a down payment on what he or she is worth.

Betty DeRamus' column runs Monday, Wednesday and Friday in Metro. Reach her at 313-222-2296 or bderamus@detnews.com.

Judge rejects reduced sentence for sex crimes convict

Friday, July 15, 2005

LaNIA COLEMAN THE SAGINAW NEWS

MIDLAND -- A 31-year-old Homer Township man won't get a reduced sentence for his role in a multi-state child sexual abuse case involving an Internet child pornography and sex club.

An attorney for Brian S. Urbanawiz had submitted a motion to have his client's 35- to 60-year sentence shortened to 1214 years, but Midland County Circuit Judge Paul J. Clulo said Wednesday the penalty stands.

Clulo imposed the sentence on Urbanawiz in June 2004 after the father of four pleaded guilty to four counts of first-degree criminal conduct with a person younger than 13 at his home. In exchange for the plea, prosecutors dismissed three counts of first-degree criminal sexual conduct with a person younger than 13 and five counts of second-degree criminal sexual conduct.

Urbanawiz also is serving a 20-year sentence on six felony counts of using a computer to communicate child sexually abusive materials, charges he did not contest in Oakland County. Investigators with the Mid-Michigan Computer Crimes Task Force, which operates out of the Bay City FBI office, have said Urbanawiz was part of an Internet club whose members produced and shared photographs, videos and live broadcasts of children being sexually assaulted.

Former Midland County Prosecutor Norman W. Donker has said the men acquired "points" and status in the club by assaulting more children and proving it by posting photos on the Web.

Urbanawiz abused two boys on multiple occasions starting in 1996 until the time of his arrest in late 2003, prosecutors said. The victims are now 9 and 12.

On Dec. 4, 2003, police arrested Urbanawiz and seized computers containing child pornography from his home and his job at Wolgast Corp., a Saginaw Township construction company, investigators said.

Information that investigators found on Urbanawiz's computer has since led to 14 arrests in Michigan, Wisconsin, Illinois, Missouri and California. Membership in the club likely numbered in the hundreds, authorities have said.

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Testimony, girl's story conflict

Trace Christenson
The Enquirer

A Kalamazoo man was not working the day in December he is accused of meeting and having sex with a 12-year-old girl, his former employer testified Thursday.

Instead, Krupakar Jogannagari, 25, a master's degree student at Western Michigan University, was with friends on his way to Grand Rapids, according to other defense testimony.

Jogannagari is charged with first-degree criminal sexual conduct and could be sentenced to life in prison if convicted by a Calhoun County Circuit Court jury. Final arguments and jury deliberations are expected to begin today.

Jogannagari is accused of paying Milo Burton of Battle Creek \$100 to have sex with the 12-year-old runaway girl, who was staying at Burton's home on Battle Creek's north side. The Enquirer does not identify victims of sexual assault.

The girl testified this week that she stayed at the home several days during Christmas and that she met Jogannagari on Dec. 22 at the Clark gas station on Northeast Capital Avenue, where he worked, and that he came to Burton's home the next day and had sex with her.

But Mitan Tandya, owner of the station, testified that Jogannagari had not worked at the station after Dec. 17 because Tandya hired his own cousin.

Tandya, the first witness called by Defense Attorney David Gilbert, also testified that none of his employees wore blue shirts with the station logo. The girl testified that Jogannagari was wearing a company shirt when he had sex with her.

Another student at Western Michigan, Vineeth Abbasani, told the jury he was with Jogannagari on Dec. 23 and they were looking for a car both in Kalamazoo and Grand Rapids that evening. Gilbert introduced cellular phone records which Abbasani said show phone calls the men made to dealerships while they traveling to Grand Rapids about the time the girl said she was with Jogannagari.

"We called a couple of places in Grand Rapids," Abbasani said. He said they were in Grand Rapids about 6 p.m. He also testified that Jogannagari attended a birthday party of a friend on Dec. 24 and went to Chicago to see a movie on Christmas, Dec. 25.

Milo Burton is awaiting trial on several charges, including sexual assault on the same girl. His wife, Julia Burton, has accepted a plea agreement and testified for the prosecution and is expected to testify against her husband.

She told Assistant Prosecutor David Heiss she believed the sexual assault occurred on Dec. 10 or Dec. 17 but that she did not see Jogannagari have sex with the girl.

Trace Christenson covers crime and courts. He can be reached at 966-0685 or tchrist@battlecr.gannett.com.

Originally published July 15, 2005

Michigan's Job Losses Decreasing

Comments made by Gov. Jennifer **GRANHOLM** last week to *MIRS* (See *MIRS*, [July 6, 2005](#)), that the rate at which jobs are leaving Michigan is slowing, are accurate, according to the Department of Labor and Economic Growth (DLEG). The DLEG shows that a 2.5 percent drop in jobs from 2000 to 2001 has slowed to a .3 percent loss for the first five months in 2005, compared with the first four months in 2004.

Since Michigan reached its most recent economic apex in 2000, the Great Lakes State has seen a gradual decline in its number of jobs, statistics compiled by DLEG's Bureau of Labor Market Information and Strategic Initiatives (BLMI) show.

In 2001, Michigan had 2.5 percent fewer workers than it did in 2000. In 2002, Michigan had 1.7 percent fewer workers than it did in 2001. In 2003, Michigan had 1.5 percent fewer workers than it did in 2002. In 2004, this jobless rate was down to .4 percent. So far in 2005, it's .3 percent.

"The rate of job loss has been reduced," said BLMI Analyst Jim **RHEIN**. "That statement would be true."

Apparently this fact isn't new. According to House Fiscal Agency (HFA) Director Mitch **BEAN**, the slowing of the state's job loss was addressed at the last Consensus Revenue Estimating Conference. The projections from the Legislature's two fiscal agencies and the State Treasurer is that Michigan will lose a few more jobs in 2005, but is expected to see a .8 percent job growth in 2006, Bean said. Over the last 20 years, Michigan has enjoyed 1.5 percent job growth.

But the fact job losses appear to be slowing down isn't the end of the story.

Bean added that job growth alone isn't the only indicator to look at before one can declare an economic recovery. For example, part of the reason job loss is slowing may be because people are leaving the job market.

To get a more complete picture of the state's economy, he suggested looking at Gross State Product (GSP) numbers (the 2004 numbers are still not available) or personal income numbers. People may be working, but they're not necessarily making what they once were.

According the U.S. Bureau of Economic Analysis (BEA), Michigan had the lowest per capita income growth between 2003 and 2004 with a 2.5 percent increase. The second lowest was Georgia with 3.6 percent. North Dakota had the highest with 8.6 percent and Iowa was second highest at 6.9 percent.

Patrick **ANDERSON** of the Anderson Economic Group looked at the employment numbers a different way. Yes, job loss is slowing in Michigan, but he finds it interesting that Michigan is still losing payroll jobs two and a half years after the recession of 2001 and 2002 while the Midwest and the United States are seeing job gains.

In the Midwest, 2.7 million jobs have been created so far in 2005 compared to 2004. Nationwide, that number is 2.018 million jobs, according to the Bureau of Labor Statistics. So far in 2005, Michigan has

lost 30,500 jobs.

"Yes, we're losing fewer jobs than we did during the recession, but while the nation is generating jobs by a million a year, we're struggling to maintain the jobs we have," Anderson said.

Of course, the main reason is the state's struggling automobile industry. It's been argued in the past that Michigan's dependence on manufacturing makes it one of the first states to get into a depression and one of the last states to get out. This time may be no different.

Economist Doug **DRAKE**, of Public Policy Advocates, said of all the states in the country, those with heavy manufacturing bases struggle the most. Michigan has been struggling more than most because, simply, it has more manufacturing jobs than other states.

Foreign-owned auto companies with U.S. production plants are doing well, but their operations are spread across the United States and are not centralized in Michigan.

"It's also auto-specific," Drake said. "Even though auto sales are holding up, our guys are losing market share ... despite the fact we've been trying to diversify our economy, auto is still the big kid on the block and when they're not doing well, we're not doing well."